

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

NOV 17 2012

Tom Betlach
Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

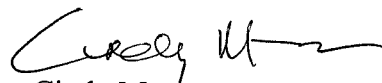
Dear Mr. Betlach:

Last year, Arizona requested, as part of a proposed new section 1115 Demonstration project, that the Centers for Medicare & Medicaid Services (CMS) provide authority for the State to exempt services and benefits received through Indian Health Services (IHS) facilities, including tribal facilities funded under compacts or contracts pursuant to Public Law 93-638 ("tribal 638 facilities") from restrictions on benefits and eligibility that the State proposed to make through the Demonstration and amendments to Arizona's Medicaid State plan. The objective of this request was to ensure the continued viability of the IHS and tribal 638 service delivery systems. Subsequently, the State assured CMS that it would pay the non-Federal share for care furnished to individuals who are not American Indians or Alaskan Natives (AI/ANs). In the October 21, 2011 letter approving the State's new Demonstration project, we noted that we were continuing to work through this request.

Based on our conversations to date, we believe we have reached agreement in principle and are moving forward to develop the necessary terms and conditions to amend the Arizona Demonstration to provide the State authority to receive Federal financial participation for specified types of care furnished by participating facilities that receive 100 percent Federal reimbursement, which include IHS and tribal 638 facilities, to Medicaid-eligible individuals, and other individuals with family income at or below 100 percent of the Federal poverty level. We look forward to developing the necessary operational details with you. As noted, the State would continue to be responsible for the non-Federal share with respect to care for all services furnished to individuals not identified as AI/AN.

Thank you for your work with our staff on this matter.

Sincerely,


Cindy Mann
Director

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cc: Victoria Wachino, CMCS
Gloria Nagle, Associate Regional Administrator, Region IX
Cynthia Gillaspie, CMCHO